

MEMORANDUM FOR:

David Low, NIO/AL

FYI. (2 items)

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VC/NIC

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is now taking the lead in efforts to work out plans for joint labor organizing, strikes and boycotts against "U.S. monopolies" by groups on both sides of the border. [9]

The Bailout and Birth of a Debtors' Cartel

Corporate Targets

Mexico's "Silicon Valley"

Since President Miguel de la Madrid's government changed the rules last year to permit certain foreign companies to own 100 percent of their business in Mexico, there has been renewed interest by foreign investors—and an intensifying opposition campaign by the Mexican left. Since the new policy was adopted, the *Consejo Nacional del Comercio Exterior* (Conacex) and Mexican government agencies have been encouraging U.S., Japanese, South Korean and Hong Kong corporations to expand their activities. A special drive has been made to attract electronics plants to the north of the country. Some government aides talk about creating a Mexican "silicon valley" around the city of Chihuahua, Pancho Villa's old stamping-ground.

The Mexican left, both within the *Confederación de Trabajadores*, which is controlled by the ruling Institutional Revolutionary Party (PRI), and as represented by the *Partido Socialista Unificado Mexicano* (PSUM), a coalition of Communists and smaller Marxist splinter groups, is violently opposed to the new government policy on the grounds that it entails "the loss of economic sovereignty." The PSUM was the moving force in a wave of industrial unrest in Monterrey and Nuevo Leon last year. On the other side of the border, U.S. labor organizers are worried about what they regard as the export of jobs to low-income workers south of the Rio Grande. There is sufficient community of interest for coordinated action against U.S. companies moving plants into Mexico.

Plans for joint industrial action against U.S. automakers, electrical and electronics companies were discussed at a recent "Conference on the Social and Economic Problems of the Border." It was attended by delegates from the PSUM, "independent" Mexican unions like the Mexican Union of Communications Workers and the Union of Auto Workers and "rank-and-file" factory organizations. Among the U.S. participants were members of Local 645 of the United Auto Workers (UAW) from Van Nuys, California, and Humberto Camacho, the "International Representative" of the United Electrical Workers, from Los Angeles. Camacho



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E.O. 12356: DECL:04/05/90
 TAGS: PGOV, PINS, SOCI, MX
 SUBJECT: POST REPORTING PLAN--URBAN SQUATTERS:
 - THE POTENTIAL FOR POLITICAL INSTABILITY

1. CONFIDENTIAL - ENTIRE TEXT.

2. SUMMARY: LARGE URBAN SQUATTER COMMUNITIES HAVE EXISTED IN MEXICO FOR OVER TWENTY YEARS. TODAY, NEARLY EVERY LARGE AND MEDIUM SIZE CITY IN MEXICO IS SURROUNDED BY SQUATTER COMMUNITIES. DURING THE LAST TWENTY YEARS, HOWEVER, A CERTAIN PATTERN OF DEVELOPMENT HAS OCCURRED THAT HAS ALLOWED FOR THE SLOW POLITICAL AND ECONOMIC INTEGRATION OF SQUATTER COMMUNITIES INTO THE ESTABLISHED SYSTEM. THIS HAS HAD A STABILIZING INFLUENCE ON THE WHOLE AND HAS PROVIDED AN EXAMPLE FOR OTHER SQUATTER GROUPS. NEZAHUALCOYOTL, THE FORMER LARGEST SQUATTER COMMUNITY IN MEXICO, IS ONE EXAMPLE OF A SQUATTER AREA THAT HAS BEEN TRANSFORMED INTO A FUNCTIONING MUNICIPALITY.

3. ON THE WHOLE, THE URBAN SQUATTER COMMUNITIES HAVE CAUSED POLITICAL PROBLEMS RELATED ONLY TO LOCAL DEVELOPMENTAL ISSUES, SUCH AS THE REGULARIZATION OF LAND TITLES AND THE PROVISION OF BASIC SERVICES. WHERE MORE DESTABILIZING POLITICAL ACTIVITY HAS OCCURRED, IT HAS USUALLY BEEN THE RESULT OF OUTSIDE, COLLEGE-EDUCATED LEADERS SUPERIMPOSING A POLITICAL IDEOLOGY OVER THE SQUATTER COMMUNITIES, AS IN MONTERREY AND CIUDAD JUAREZ. THESE LEADERS GAIN INFLUENCE BY PROMISING, AND TO AN EXTENT DELIVERING, ACTION ON THE DEVELOPMENTAL ASPIRATIONS OF THE SQUATTERS. WITH TIME, HOWEVER, INCREASING DEMANDS BY THE SQUATTERS AND THE DEVELOPMENT OF MORE RESPONSIVE

GOVERNMENT PROGRAMS HAVE COMBINED TO CHALLENGE THIS LEADERSHIP. AS A RESULT, THE LEADERS HAVE EITHER LOST INFLUENCE OVER THEIR FOLLOWERS, BEEN COOPTED BY GOVERNMENT TO THE EXTENT THAT THEY BEGIN TO COOPERATE WITH OR AT LEAST NOT ACTIVELY OPPOSE LOCAL AUTHORITIES, OR ATTEMPTED TO MAINTAIN POWER THROUGH INTIMIDATION AND VIOLENCE AGAINST THE

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